

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

29 JULY 2020

5

Report Title	COUNTER FRAUD UNIT REPORT			
Purpose of Report	To provide the Audit and Standards Committee with assurance over the counter fraud activities of the Council in relation to the work undertaken by the Counter Fraud Unit (CFU). The report is presented to the Audit and Standards Committee detailing progress and results for consideration and comment as the body charged with governance in this area.			
Decision(s)	The Committee RESOLVES to note the report and make comment as necessary.			
Consultation and Feedback	Work provision for 2020/2021 was agreed with the Strategic Director of Resources.			
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Options	None. The CFU is a specialist criminal enforcement service working with all of the Gloucestershire Local Authorities, West Oxfordshire District Council and a number of other public sector bodies such as housing associations.			
Background Papers	None.			
Appendices	None.			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	Yes	Yes	No

1. INTRODUCTION / BACKGROUND

- 1.1. The Audit and Standards Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
- 1.2. A summary of the work undertaken during 2019/2020 and 2020/2021 is presented to the Audit and Standards Committee detailing progress and results for consideration and comment as the body charged with governance in this area.
- 1.3. Work plans for 2020/2021 have been agreed with senior management and work is underway. The plan may change as a consequence of the work streams created by the Covid-19 Pandemic.

2. MAIN POINTS

- 2.1. As a dedicated investigatory support service, the CFU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.
- 2.2. The CFU is currently developing a medium term enforcement proposal to manage the current situation whilst we cannot undertake interviews under caution in person. This proposal follows guidance from the Crown Prosecution Service and others which recommends that written statements under caution are obtained so that enforcement activity may continue.
- 2.3. The CFU have procured a case management system and as such we are now able to implement a new referral process which means that referrals will automatically be uploaded in to the system via a secure link for all 5 partner Councils, Publica and the 10 third party clients which includes Stroud District Council.
- 2.4. The CFU has been tasked with undertaking the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support), working closely with the Department for Work and Pensions in relation to Housing Benefit investigations.
- 2.5. During 2019/2020, the team received 15 referrals and closed 11 cases. This resulted in the following:
 - 1 successful Prosecution: the defendant pleaded guilty and received a 6 month custodial sentence suspended for 18 months. Additionally they were ordered to pay £929 in costs. The increased Council Tax revenue or fraudulently claimed Council Tax Support totalled £5,081.
 - The application of 5 Civil Penalties and 2 Criminal Penalties totalling £1,068 and increased Council Tax revenue of £8,689 being raised.
- 2.6. During 2020/2021 (Quarter 1), the team have closed 4 cases. This has resulted in the application of 4 Civil Penalties totalling £240 and increased Council Tax revenue of £1,052 being raised. A joint prosecution with the DWP was listed for hearing on 29 June 2020, an update is awaited.
- 2.7. All Local Authorities participates in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.
- 2.8. The CFU have been assisting the Revenues and Benefits Department with the review of National Fraud Initiative (NFI) matches as directed by management. The team reviewed 1,956 matches. Of these matches 131 accounts have been referred as requiring action and 91 Civil Penalties, totalling £6,370, have been recommended. Results relating to increased Council Tax revenue are outstanding.
- 2.9. The CFU continues to support the Council in tackling tenancy fraud. The overall remit of the CFU is to prevent, detect and deter abuse of public funds and social housing. Housing and tenancy fraud remains as one of the top four areas of fraud and abuse within the public sector. This takes many forms but the two most significant areas are Right to Buy and Illegal Subletting. The CFU will continue to work with the Council to tackle this effectively.

- 2.10. The Counter Fraud Officers are authorised under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014. This means they are authorised to obtain information relating to an individual from organisations such as financial institutions (banks, credit card companies), utility companies, communications providers and so on. The Act also created new offences in relation to housing fraud that can be prosecuted by Local Authorities acting on behalf of Social Landlords.
- 2.11. During 2019/2020, the CFU received 9 referrals and closed 3 cases resulting in 2 Right to Buy applications being withdrawn. During 2020/2021 (Quarter 1), the team have received 6 referrals and closed 6 cases.

3. CONCLUSION

- 3.1 The Council were fully supportive of the original Counter Fraud Unit project and funding bid and the CFU is now delivering financial results in this area.

4. IMPLICATIONS

4.1 Financial Implications

- 4.1.1 During 2019/2020, the total number of days delivered by the CFU was 70 days at a cost of £16,800 with additional charges of £695.06 for disbursements.

- 4.1.2 The report details financial savings generated by the Counter Fraud Unit.

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4.2 Legal Implications

- 4.2.1 In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

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4.3 Equality Implications

- 4.3.1. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

4.4 Environmental Implications

- 4.4.1. There are no significant implications within this category.